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A LAYMAN'S PHILOSOPHY
OF FEDERAL BUDGET
FORMULATION

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PREFACE

It has been surprising, as a new student of Federal Budgeting, that there is so relatively little readable matter on the overall subject. I have been somewhat dumbfounded and confounded by the volume of forms, directives, etc. on Federal Budgeting, together with the mass of information that must be acquired by the student before the overall philosophy of formulation begins to emerge to view. In spite of all that excellent instructors can do, there appears to be a time when the student slows in his progress of learning about the Federal Budget formulation processes, and advance is made beyond that point only through "getting one's hands dirty" in intimate contact with the procedures and directives, concerning the routines of Federal Budgeting. Here again, in spite of all that excellent instructors can do, the progress is slow, requires time, is laborious, and most surprising of all, there is not in print, to my knowledge, a single treatise of any kind that covers the entire field. There are antiquated bits and pieces, and divers odds and ends that are scattered far and wide in various journals, etc.

This paper is an effort to set down in one place, related pieces of information to assure comprehension, and further, as a possible aid to subsequent students. If my work can be the "jumping-off" point for future expansion by others, one purpose of my

effort will have been achieved. By following through some of the procedures, we may well appreciate how the various mechanisms, knit into a whole, and the underlying philosophy will be delineated.

TABLE OF CONTENTS

Chapter	Page
I. INTRODUCTION - THE MEANINGS OF BUDGET.	1
II. THE "OLD" SYSTEM	5
III. MOVING INTO A NATIONAL BUDGET SYSTEM	15
IV. THE EARLY YEARS OF THE NATIONAL BUDGET SYSTEM.	24
V. MODERN DAY SETTING	38
VI. THE FORMULATION PROCESS TODAY.	47
VII. PHILOSOPHY OF LEGISLATIVE - EXECUTIVE RELATIONS.	53
VIII. FOR A BETTER CONGRESS.	62
IX. CONCLUSIONS - AND IMPLICATIONS	69
BIBLIOGRAPHY	73

CHAPTER I

INTRODUCTION - THE MEANINGS OF "BUDGET"

Although we all "know" what is meant by the word " Budget", it is well to refer to several authorities for a basic starting point. According to Willoughby:

The budget...is something much more than a mere estimate of revenues and expenditures. It is, or should be, at once a report, an estimate, and a proposal. It is, or should be, the document through which the Chief Executive, as the authority responsible for the actual conduct of governmental affairs, comes before the fund-raising and fund-granting authority and makes full report regarding the manner in which he and his subordinates have administered affairs during the last completed year; in which he exhibits the present condition of the public treasury, and on the basis of such information, sets forth his program of work for the year to come and the manner in which he proposes that such work shall be financed. The most important feature of a budget is that it shall be comprehensive. It must bring together in one consolidated statement all the facts regarding the expenditures of a government, past and prospective, and the revenues and the financial condition of the treasury.¹ Also;

A budget is the instrument through which the financial operations of the government, past and prospective, are correlated, compared with one another and brought under examination at one and the same time.²

Buck says that: "Public budgeting is the process by which the financial policy of a government, including its monetary

¹W. F. Willoughby, Principles of Public Administration, (Baltimore: The Johns Hopkins Press, 1927), p. 436.

²W. F. Willoughby, The National Budget System, with Suggestions for its Improvement, (Baltimore: The Johns Hopkins Press, 1927), p. 67.

requirements, is formulated, adopted, and carried into effect."3

Buck's own elaboration elsewhere goes on:

The budget may be said to have three essential elements: (1) A financial plan, (2) A procedure for formulating, authorizing, executing, and controlling this plan, and (3) Some governmental authority responsible for each successive stage in this procedure. These elements, in combination, are usually called the budget system, sometimes the budgetary process, or simply budgeting, while the financial plan itself is known as the budget.⁴

At this time, I must emphasize, that we shall look in this paper, at only one procedure of one element, ie., formulating the budget. And the look that we take will, for the sake of brevity, be pretty much Defense Department oriented. Inasmuch as we shall take such a miniscule portion under study, let us continue here, with additional general background on the overall field:

Budgets are plans that provide in fiscal terms for work to be done and paid for. Budget administration involves the organization and procedure whereby the financial aspects of governmental programs are given consideration and effect by administrators and legislators.⁵ And:

A public budget may be briefly defined as a plan expressing in money terms for a definite period the operating program of a government and the means of its financing.⁶ Further:

³A. E. Buck, Public Budgeting, (New York: Harper & Brothers, 1929), p. 3.

⁴A. E. Buck, The Budget in Governments of Today, (New York: The MacMillan Co., 1934), pp. 46-47.

⁵Social Science Research Council, Research in Public Budget Administration; an Outline of Suggested Research Topics, A Report Prepared by the Committee on Public Administration, (New York: Social Science Research Council, 1941), p. 5.

⁶A. D. Manvel, The Philosophy and Essentials of Budgeting, U. S. Bureau of the Budget, (Washington: U. S. Bureau of the Budget, Typewritten, 1943), p. 3.

The budget is an intermixture of many ingredients: a statement of expenditures, revenues and debts, a document presented by the executive to Congress, a series of legislative measures, a political program, an instrument essential to democratic government, a tool to enforce economy - as well as a planned financial program.⁷

Budgeting is a device for consolidating the various interests, objectives, desires and needs of all our citizens into a program whereby they may jointly provide for their safety, convenience, and welfare.⁸

Two former, late presidents had to say of the Federal Budget, "A budget, as I understand it, is the business prospectus of the government for a year,"⁹ and "The budget of the United States Government is a statement that reflects in money terms what the government does for the people, and what the people contribute to the government."¹⁰

I feel that one reason the study of budgeting is such an intriguing endeavor, is that the term (as shown above), means so many things to so many people. The above definitions are definitely not the limit of divers ideas - however, I feel that enough

⁷H. S. Perloff, Budgetary Symbolism and Fiscal Planning, 1941 Yearbook of Public Policy, (Cambridge: Public Policy, 1941), p. 37.

⁸H. D. Smith, The Bureau of the Budget, Address before the Allegheny College in Pennsylvania, April 11, 1940, (Washington: U. S. Bureau of the Budget, Typewritten, 1940), p. 1.

⁹U. S. Congress, House, Establishment of a National Budget System, Hearings Before Select Committee on the Budget, President W. H. Taft, U. S. Congress, House, 66th Cong., 1st Sess., (Washington: Government Printing Office, 1919), p. 465.

¹⁰The Budget of the United States Government For The Fiscal Year Ending June 30, 1941, (Washington: 1940), p. M8.

breadth and diversity are covered considering the scope of this paper.

For so many experts to have so many appreciations of the budget, one would think that the budget had been with us a long time, which of course is not the case. Many of our discussions introduce us to the "comings" of the Federal Budget, but what was there in use before we had the present budget? When we have become used to the budget procedure (as we presently know it), it is difficult to comprehend how we got along without it before we had it. To understand the present system, then, we must understand the preceding systems, or lack of systems.

CHAPTER II

THE "OLD" SYSTEM

Our budgeting history breaks easily into several segments. The first covers the period 1789 to 1909, a rather broad span. During that time, budgeting was performed very unsystematically. During much of that period, a large number of Congressional committees separately prepared the appropriation bills, and there was never any unity in the budget. During this period the Secretary of the Treasury had to submit to Congress a summary of all the estimates. However, his influence was small insofar as the numerous drafting committees worked directly with such a variety of spending agencies. Control of expenditures was likewise unsatisfactory, although Congress attempted control by several methods, i.e.:

(1) Lengthy and detailed appropriation texts, (2) Specifications in the appropriation acts as to precisely what objects the money could be spent for, and (3) Ad hoc Congressional Committees charged with investigations of how the budget money was being spent.¹¹

The beginnings of a more businesslike fiscal atmosphere in the Federal Government might be said to have had its birth in the New York of 1907 - 1908. At that time, newspaper stories of the

¹¹0. Bakker, The Budget Cycle in Public Finance in the United States of America, (The Hague: W. P. Van Stockum & Zoon, 1953), pp. 15-16.

rising New York City tax rate were making news:

The un-cared for sick and poor, and padded health rolls were news. The rapid rise in cost of government and some forty-thousand obsolete brass fixtures, bought from a friend by a retiring officer in the water department, made news.... The thought that some one in the public service should be held to account for the abuse of the public first come to be a subject of daily comment...and so it was that in the City of New York the people came to talk in terms of administrative re-organization and budgets; a budget as a means of holding officers to account; a budget as a means of telling the people beforehand what money was wanted for; a budget as a means of planning for service needed and locating responsibility for the execution of plans; a budget as a community program to be financed...this was the beginning of a nation-wide campaign. First it took hold...in the cities... [thence] to the national government, and from the national government it took hold on the political leadership in the states.¹²

The dilemma in the cities was no less than that found at the national level, according to President Taft's own words:

Except in the very early days of the Republic, when Hamilton, with his wonderful genius, was inaugurating the business side of our Government, we never had anything like a proper budget. We never had concentrated in one capable body the duty of detailed calculation of what is needed to run the government for a year and the systematic fixing of the taxation sources from which the money needed is to be procured. It is true that the general appropriation Committee of the House, until within some decades, did have the function of making all the appropriations for the Government, and it is also true that earlier the function of determining the ways and means was united with that of fixing the expenditures; but we have never had executive responsibility for the preparation of the expense plan of the Government, with a suggestion of the means by which it could be met. The Executive spends the money...and operates the machinery of government...is much more intimately associated with the facts upon which the cost of government is to be determined...is better qualified to determine where real economy can be effected and where apparent economy would be wasteful.... Never before... has reform of [the existing] ridiculous system been so critically important... [what is needed] is [a system] to keep the public advised and to...eliminate "invisible government"...with its wastefulness and inefficiency.¹³

¹²F. A. Cleveland and A. E. Buck, The Budget and Responsible Government, (New York: The MacMillan Co., 1920), p. 23.

¹³Ibid., From Introduction by President Taft, pp. xiii-xx.

Beginning with the year 1909, various attempts were made to reform the budget procedure. These attempts saw fruition in 1921 as we shall see; this second period may be bracketed by the years 1909-1921.

In 1909, the Sundry Civil Appropriations Act was passed. This Act required the President to recommend means to Congress whereby the annual expenditure might be kept within the limits of the estimated receipts. If the expenditures were to exceed receipts, the President was to recommend to Congress the source of funds needed to cover the deficit.¹⁴

In 1911, President Taft appointed a Commission on Economy and Efficiency on the subject of the need for a National Budget. The report of this Commission, submitted in June 1912, touched off the prolonged debates in Congress which lasted until 1922.¹⁵

The Centralization of the budget first came about as a result of the initiative of President Taft. He conferred with the various Heads of Departments to discuss the different sections of the budget estimates, and as a result he had a budget drawn up for the fiscal year 1913-1914, which he presented to Congress in February, 1913. "But the House of Representatives to which his budget was submitted differed from the President as regards political complexion and it laid his budget aside."¹⁶

Another development was the creation by Congress in 1916

¹⁴Bakker, op. cit., p. 16.

¹⁵V. J. Browne, The Control of the Public Budget, (Washington: The Public Affairs Press, 1949), p. 74.

¹⁶Bakker, op. cit., p. 16.

of the Bureau of Efficiency. This independent body made a small force of specialists available to the President to study problems of administration, organization, and business methods in government.

Attention during the years of World War I was of course directed toward the War effort. After the country had passed World War I and government began to consume a "great deal" of money, a detailed look at the "old" budget system was in order - whose budget was it, the President's or Congress?

At that time...the estimates of appropriations to carry on the activities of the government were made up independently in the various bureaus of the departments.... They [estimates] went without revision, by the head of the department, to the Treasury.... The Treasury exercised the purely mechanical function of assembling the estimates and transmitting them to Congress.... [The estimates] were not at any time examined or revised by the Chief Executive.... As thus unrevised, and without coordination between bureaus of a department, or of department with department, or of proposed expenditure with estimated revenue, and without any balance sheet, or budget message, or proper scheme of summary or comparative tables, they did not represent a real financial or budget plan.... They constituted instead, bureau-serving material which might be ignored or utilized by Congress as it saw fit; and that in effect, therefore, the Legislative Branch, and not the Executive Branch, actually prepared, in its appropriation measures, the financial plan or budget of the country. Unlike the procedure in any other leading country of the world, the Legislative Branch in this country both prepared and ratified (enacted) the budget program.¹⁷

The actual handling of the estimates in Congress left much to be desired.

The appropriation bills that constituted the budget program were prepared by committees - ten in the House and eight in the Senate - working independently of each other and without centralized consideration of the relative merit of the financial

¹⁷F. J. Bailey, Federal Budget System, An Address at Harvard Graduate School of Public Administration, October 15, 1937, (Washington: U. S. Bureau of the Budget, Typewritten, 1937), p. 1.

proposals.... In neither House was any attempt made to consider the various proposals as a single budget plan.¹⁸

While the Congress actually proposed the budget and ratified it [as shown above], the execution was of course a function of the executive. But further, so also was audit a function of the executive, as the six independent auditors under the partial supervision of the Secretary of the Treasury brought points to the attention of the Secretary of the Treasury who ruled on these points.¹⁹

In summary here, it is interesting to note that the Congress proposed and ratified the budget; the Executive executed and audited.

Under this background, the Taft Commission had had room for recommendations. The most important recommendation that had been made, in 1912, was: "That the President, as the Constitutional Head of the Executive Branch of the government shall each year submit to the Congress...a budget."²⁰ The Commission went to some length to explain what was meant by a budget and what the budget should contain, i.e.: "...a 'prospectus' that would contain the administrations' 'account of stewardship' as well as its proposals for the future!"²¹

The budget should include the following items:

1. A Budgetary Message, setting forth in brief the significance of the proposals to which attention is invited.
2. A Summary Financial Statement, setting forth in very summary form:
 - (a) The financial condition.
 - (b) A statement...of the "general fund".
 - (c) An account of Revenues and expenditures of the last completed fiscal year.
 - (d) A statement showing the effect of past financial policy as well as of budget proposals on the general fund surplus.

¹⁸Ibid.

¹⁹Ibid., p. 2.

²⁰V. J. Browne, op. cit., p. 75.

²¹Ibid.

3. A Summary of Expenditures...by objects...
4. Summaries of Estimates, setting forth:
 - (a) Estimated revenues compared with actual revenues for a period of years.
 - (b) Estimated expenditures compared with actual expenditures for a period of years.
5. A Summary of Changes in Law [needed for greater economy, efficiency and better business practices].²²

The striking similarity of the above Commission "blue print", and the present day budget is most noteworthy.

The budget system in American government had met substantial initial success in a number of cities and states, and numerous reform groups pointed out to Congress the advantages of reorganization. It was subsequently noted in ensuing discussions that Congress took exceptional pains to emphasize not only the fact that no reorganization would take place without its consent, but that Congress would suffer no loss of its authority.²³

Other recommendations of the Commission were:

1. That the Secretary of the Treasury be made "the ministerial agent for the President"...responsible for collecting and harmonizing the estimates before they were presented to the President...a new agency was not recommended, but a budget unit in the Treasury was suggested.
2. That detailed accounts of expenditures [from Executive agencies] ...as well as data or statistics...to show results obtained and the economy and efficiency of doing government work be submitted.
3. That [departments] institute accounting systems as would enable them to consider all details of their operations before submitting estimates.
4. That the President recommend for the consideration of Congress such changes in the form of appropriation bills as will enable the government to avail itself of the benefits of the exercise of discretion - on the part of the Executive in the transaction of current business in order that the Government may do work and accomplish results with economy and efficiency and as will fix responsibility for failure so to

²²Ibid., pp. 75-76.

²³Ibid., p. 74.

exercise such discretion.²⁴

The last proposal would make sense with the calibre of persons we now have in responsible positions as Bakker summarized in his study of several years before returning to Holland:

I have remarked that the Bureau of the Budget, the Treasury Department, and the General Accounting Office have at their disposal officials who are in theory and practice fully equal to their task and who may justly be expected to organize and direct the functions entrusted to them on scientific lines. I was struck by the fact that they were not only industrious and capable, but also possessed a deep sense of responsibility.²⁵

Delegation of such discretion to the Executive would facilitate purchasing and contracting in such a way as to reduce waste, costs, and inefficiency. However, such a recommendation clashed with the fear of Congress that it would lose control of the budget process. The Commission argued against Congressional fear of loss of control as follows:

There [are] really two forms of control: Legislative control, which determines the general policies and indicates the programs which should be developed and followed; and Executive control over the administrative agencies which are engaged in carrying out the will of the Legislature.... To the extent then, that Congress established the details of the program it usurped executive control. Under a Congressional style appropriation act, for example, a department might become bound to certain purchasing or contractual obligations despite the fluctuations in the open market.... The budget has been, historically the instrument to impose constitutional limitations upon the crown...and a means whereby the government may be kept in constant adjustment with the welfare needs of the people; a means also whereby the economy and efficiency of administration may be regularly brought to test.²⁶

Although the Commission report resulted in no immediate revision of the system, it was productive of great good in bringing to the front a realization of the defects of existing procedure,

²⁴Ibid., pp. 75-77.

²⁵Bakker, op. cit., p. 88.

²⁶Browne, op. cit., pp. 76-79.

in centering attention upon the adoption of a budget system as a means by which these defects could be corrected, and in working out to a certain extent the technical problems of deriving and operating a satisfactory budget system.²⁷

And to add more commentary to the "system that used to be":

Within the past few decades [date of writing, 1917], England, France, Germany, Italy, Japan, Switzerland and several other countries have radically reformed their systems of finance. The long and historic experience of England has been of great and controlling influence in the existing systems of those other nations. We alone of all the great countries have proceeded in apparent blindness to the experience of the civilized world. We are now handling the vast sum necessary to run the government in a way that is amazing to the foreigner and preposterous to ourselves. Professor Ford closes his book of lectures on the Cost of our National Government with these words: "Compared with the exact and minute system of English budget control our methods seem like the ignorant and disorderly practices of barbarians."²⁸

This critical examination of the "old system" has been for background, and lest in performing the mechanics of our present system we become discouraged by the present system, which, in spite of its cost, does have utility.

At this point also, in light of the scathing indictment of our previous system by some of the authors cited above, I must offer at least some justification of the people only one generation ahead of us, and the way in which they "kept shop" in the Federal

²⁷W. F. Willoughby, The National Budget System with Suggestions for its Improvement, (Baltimore: The Johns Hopkins Press, 1927), p. 23. (Mr. Willoughby was a member of the six-man Taft Commission).

²⁸C. W. Collins, The National Budget System, (New York: The MacMillan Co., 1917), p. 67 (The Ford Book cited in part is: H. J. Ford, The Cost of our National Government: A Study in Political Pathology, (New York, The Columbia University Press, 1910)).

Government. The "tip-off" so to speak, comes in n. 28 above, where we learn that many other countries of the world had only recently overhauled their budget systems. They did it when they had to, which is what we were beginning to do, which is what all humans do. They do a thing when they feel they have to, not before. We were still a young country, and although there were the "un-cared for poor" and other problems, the country had not been forced to examine itself and its resources critically. The other nations of the world, all older, had been "around long enough" so that they had resource depletion problems and had become aware of them. We were still young (still are), and only when costs began to mount enough to hurt, did we feel that we should act. If the waste and inefficiency hadn't actually struck at pocketbooks and health, some other evidence of our inefficiency would have eventually struck home. The old system was not unworkable. We could get by as long as we didn't run out of "fuel", i.e. dollars. It was when the "fuel" situation started to become critical that we were moved to "do something". We "got along", after a fashion, as expressed by Mr. Cleveland, Chairman of President Taft's Commission:

One-hundred and twenty-four years of operation without a budget has not developed a means for requiring the Executive Branch to submit an annual account of stewardship; we have not developed a means for getting before the Legislature and the country an accurate statement of financial condition; we have not developed a consistent, well-considered plan as a guide for the enlargement and adoption of government activities; we have not provided a means for coordinating government revenues with government expenditures; we have not evolved a method whereby the work of the Executive Branch may be correlated to the end that government may be made an efficient instrument of public service.... The demand for greater economy has come as a result of public unrest due to the re-

cognition of the unfavorable contrast in which our government stands when compared with other governments which have made use of a budget as a means for getting before the country information as to what has been done and what is proposed each year as a basis for financing. In the United States the people are each year asked to take a thousand million dollars of stock in a public enterprise, the sponsors of which have been in the attitude of refusing to tell what the money will be spent for and how last year's contributions were used.²⁹

However, it took years to rouse public opinion sufficiently to enable a change. The long existence of the previous system was probably due to public indifference, and that in turn was probably due to the fact that as late as 1907, the government, during peace times, paid all its bills, usually had a surplus, and "...didn't collect a five-cent piece in direct internal taxation."³⁰ (Underscoring supplied). It took the "tremendous" government deficits of World War I with annual government appropriations exceeding "...by from six to forty times the average annual appropriations made within the decade before the war,"³¹ to rouse the Nation. Only then, when "something had to be done", as I have held above, did public opinion require and accept a National Budget for economy through efficiency.

Now, with this background of what "used to be", let us rapidly see how we actually moved into a National Budget - the path was tortuous and not without thorns.

²⁹F. A. Cleveland, How We Have Been Getting Along Without A Budget, From the Proceedings of the American Political Science Association, (Baltimore: American Political Science Association, 1912), pp. 66-67.

³⁰The Chamber of Commerce Of The United States, The National Budget; Analysis of Accomplishments to Date and Recommendations for Further Improvement, (Washington: The Chamber of Commerce of the United States, 1922), p. 22.

³¹Ibid., p. 23.

CHAPTER III

MOVING INTO A NATIONAL BUDGET SYSTEM

A firm step was taken in October, 1910, when an appropriation was made to President Taft, "...to enable the President to inquire more effectually into the methods of transacting public business...with a view to inaugurating new or changing old methods ...so as to attain greater economy and efficiency therein."³²

The Secretary to the President, Hon. Charles D. Norton, organized a preliminary inquiry, and it was thereupon thought that the investigation of methods should look toward more efficient "planning", and a more efficient execution of plans. Thus, one of the first subjects taken in hand was the making of estimates and appropriations.³³

On March 8, 1911, the Presidents Commission on Efficiency and Economy was organized to take over the work begun under Mr. Norton. On June 19, 1912, the Commission submitted its report to

³²F. A. Cleveland, The Presidents Commission on Economy and Efficiency, From a paper read before the Academy of Political Science in the City of New York, October 26, 1912, (New York: The Academy of Political Science, 1912), p. 2.

³³F. A. Cleveland, "The Budget As A Means Of Locating Responsibility For Waste And Inefficiency," Proceedings Of The Academy Of Political Science, III, No. 2 (1912), 3.

the President. The report was transmitted to Congress on June 27, 1912.³⁴ 35

One recommendation of the commission, as seen above, was for a National Budget. Accordingly on July 10, the President addressed a letter to each department head announcing his desire to send to Congress a budget patterned along the lines of the Commission recommendation. He accordingly asked for two sets of estimates, one in the form usually submitted, and one in the pattern suggested by the Commission report.³⁶ One part of this request of the president, was for concrete data that would show the exact condition of appropriations on June 30, 1911, and again for June 30, 1912:

So far as was known, this was the first time in the history of the government that such a statement was asked for.... Congress had never suggested it; the Executive had not called for it; the Department of the Treasury had not thought it was desirable...it was found that after six months had elapsed that few offices could comply with the request without incurring an expense that would be prohibitive...[thereupon]...[it was requested]...that insofar as accurate information might be reported from the accounts, this should be sent in as a statement of fact; [the remainder]...should be estimated and returned as the best guess of the officer in charge.³⁷

Congress took note of both the President's transmission of the Commission Report and his request to Department Heads, by

³⁴Ibid., p. 4.

³⁵U. S. Congress, House. The Need For a National Budget Transmitted to Congress by Special Message of The President, June 27, 1912, House Document 854, 62nd Cong. 2nd Sess. (Washington: Government Printing Office, 1912).

³⁶Cleveland, "The Budget As A Means of Locating Responsibility For Waste And Inefficiency," op. cit., p. 4.

³⁷Cleveland, "How We Have Been Getting Along Without A Budget," op. cit., pp. 50-54.

inserting into the revised draft of the Legislative, Judicial and Executive Appropriation Bill (the first bill having been vetoed), the following: "Sec. 9 That until otherwise provided by law, the regular annual estimates of appropriations for expenses of the government of the United States shall be prepared and submitted to Congress...only in the form and at the time now required by law, and in no other form and at no other time."³⁸ Section 9 was explained by the Chairman on Appropriations on the floor of the House:

It was believed...that it would not be wise for Congress to abdicate, even by implication, its prerogative in this matter. A message from the President has already laid before Congress a very full and luminous exposition of the proposed "National Budget" and until it could be determined by careful and deliberate study of the scheme whether it should be accepted and adopted, it was not deemed wise or provident to have, as indicated in the public press, the time and energies of large numbers of the most capable persons in the several branches of the public service diverted to transforming the entire estimates for the next fiscal year into this new and unauthorized plan of a so-called National Budget, to the neglect of their ordinary and pressing duties.³⁹

It is clear that Congress had its own ideas on fiscal matters. However, the President said:

It is entirely competent for the President to submit a budget, and Congress cannot forbid or prevent it. It is quite within his duty and power to have prepared and to submit to Congress and the country a statement of resources, obligations, revenues, expenditures, and estimates in the form he deems advisable. And this power I propose to exercise.... Therefore, my instruction [to department heads] is to print and send to Congress the forms of estimates required by it of officers, without delay; also to have sent to me the information asked for in my letter of July 10, 1912. This will be made the basis for review, and revision, and summary statement in the form of a budget with

³⁸Cleveland, "The Budget as a Means of Locating Responsibility for Waste and Inefficiency," op. cit., pp. 4-5.

³⁹Ibid., p. 5.

supporting documents which may be sent to Congress [by the President] by special message, as the proposal of the administration.⁴⁰

When the first President's Budget was received by the House in the election year, the House (controlled by the opposition party) remained aloof to the suggestion.⁴¹

As previously held herein, the 1911, 1912 movements were only the beginning - for a National Budget. We were able to fumble along even through World War I with the old system because, like a child sitting under an apple tree in October with unlimited apples, there was no scarcity of apples. As far as we looked there were unlimited resources. And like the same child in February, when the last few apples were disappearing from the apple barrel in the attic, we decided to plan better in the future by less waste of apples in the fall and more prudent use of them between harvests. Except with the case of the National Government, we don't have an annual harvest. Really, we have the resources originally given us and no more, to "make do" for all time. With us, the "pinch" came with the shock of a National Debt resulting from World War I, and the increased range of Federal activities, and the increased cost of operations of every description. Between the time of President Taft's accomplishments and World War I, the Institute for Government Research, a private organization in Washington, "carried the load" of keeping before the public and Congress the need for a

⁴⁰Ibid., pp. 5-6.

⁴¹E. E. Naylor, The Federal Budget System in Operation, (Washington: Columbus University, 1941), pp. 24-25.

National budget system.⁴²

When the "time was ripe", Representative J. W. Good, Chairman of the House Committee on Appropriations and Senator Mill McCormick introduced bills for committees to study a National Budget system.⁴³ In each House, committees were appointed and went to work in the fall of 1919. Senator McCormick and Representative Good bore the brunt of the struggle to secure a National Budget system. The House Select Committee on the Budget, composed of 12 members, and the Senate Committee, both held extensive hearings, and heard from a great many witnesses. Willoughby said:

The fundamental principle at issue is that of establishing definite responsibility upon some office of the government for the formulation of a budget; that is, a general financial and work program. It seems to me that there can be no doubt that that responsibility must necessarily be placed upon the President...he is not only the only officer of the Executive that is elected...but is the only officer who represents the government as a whole as opposed to the parts.⁴⁴

Whereas the speaker of the House, "Uncle Joe" Cannon said:

When we create a budget commission we should keep it in Congress and as far as possible in the House...which is directly responsible to the people on the basis of population.... The electorate will continue to hold the Representatives responsible for the budget, whatever power they surrender to the Executive. The heads of the departments want to make the budget of expenditures and compel Congress to levy taxes according to their plans for expenditure. The Pharohs...and Czars [had that kind] of a system. It was not the system embodied in the

⁴²Ibid., p. 26.

⁴³Anon., A Brief History of the National Budget and Accounting System, (Washington: U. S. Bureau of the Budget Library, Typewritten, 1926, ca.), p. 1.

⁴⁴U. S. Congress, House, Hearings Before the Select Committee on the Budget, U. S. Congress, House, 66th Cong., 1st Sess., (Washington: Government Printing Office, 1919), pp. 78-79.

American Constitution.⁴⁵

And Representative Garner of Texas said on the House floor:

It has been said by the gentleman from Illinois (Mr. Denison) that the executive budgetary man is probably an inferior officer ...but let me say he is the President's man...he will be able to look at the Secretary of the Treasury and say, "You will cut out this expenditure." [And the Secretary may say] "Who is this speaking to me?" [To which the answer is], "It is the representative of the President of the United States himself."⁴⁶

Although the opinions varied greatly, there was in fact a surprising degree of unanimity. Mr. L. F. Lorce, of the Delaware and Hudson Railroad Company, stated the major budget operations most aptly as being, "Preparation, ratification, execution and audit."⁴⁷ The majority of witnesses favored preparation under the President and presentation to Congress by the President; a minority favored preparation by the Secretary of the Treasury. On this latter point, Ex-President Taft held:

When one-third of the expenditures of the government are to be through the Treasury itself, the expenses of that department should be passed upon by a higher power. Under the Good House bill therefore...[which] gives the President an unusually effective method [his own Budget Bureau] of keeping watch on the departments and of stimulating the heads of the various departments to greater detailed care in the saving of public money...the budget will necessarily contain recommendations involving high and important governmental policies, and it is right that the Administration should be directly responsible for such recommendations.... Supporters of the Senate Bill [which placed the Budget Bureau in the Treasury] object that the President has not the time to [exercise a pruning and limiting power over the budget].... I venture, in the light of

⁴⁵J. G. Cannon, The National Budget, (Washington: Government Printing Office, 1919), p. 28.

⁴⁶F. Morstein Marx, "The Bureau of the Budget: Its Evolution and Present Role," The American Political Science Review, (August, 1945), p. 664.

⁴⁷Anon., A Brief History of the National Budget and Accounting System, op. cit.

experience I have had, to differ radically with this latter view. The preparation of the budget is going to be one of the most important functions that the whole Administration performs.⁴⁸

The hearings were concluded on October 4, 1919, and a bill along the general lines of Representative Good's original bill, specifying a National Budget system and an independent audit of government accounts, was adopted by the House on October 21, 1919 by a vote of 285 to 3. Congress then adjourned, but when it reconvened in December, 1919, the Senate held short hearings (because the House had held such extensive hearings), considered the bill in executive session until April 13, 1920, whereupon it substituted the Senate bill (Budget Bureau in the Treasury) for the House bill and sent the bill to the President. The version which came to President Wilson, was questioned by him on a constitutional facet as to whether the President should have the power to remove a Comptroller General appointed by him "with the advice and consent" of the Senate. President Wilson vetoed the bill on June 4, 1920. Congress adjourned the next day and nothing was done during the short session of Congress in December, 1920.⁴⁹

When Congress met again on April 11, 1921, Mr. Good reintroduced his bill, with the Budget Bureau under the President. A few days later Senator McCormick reintroduced his bill without modification. The Senate bill was posted first, went to the House, was succeeded by the House bill. Conferences followed. In the

⁴⁸F. A. Cleveland and A. E. Buck, op. cit., pp. xvi-xvii.

⁴⁹Anon., A Brief History of the National Budget and Accounting System, op. cit., p. 4.

final bill readied for the President, the Budget Bureau was in the Treasury Department, a General Accounting Office was established, the Comptroller of the Treasury and his six auditors were done away with, and the budget system was established. On June 10, 1921, President Harding signed the bill, to become the Budget and Accounting Act of 1921. It is noteworthy that the new bill did not eliminate the feature concerning removal of the Comptroller General on the basis of which President Wilson had vetoed the previous bill.⁵⁰ However, a subsequent Supreme Court Decision has sustained the right of the President to remove an officer that had been appointed by him with the advice and consent of the Senate.⁵¹

Pertinent to the foregoing evolution is the following:

In terms of legal clauses alone, the Budget and Accounting Act did little more than elaborate and systematize earlier legislation. But this legislation was so widely scattered that it invited executive laxity, and even stumped the experts. What is more important, it failed to provide for dependable budget machinery. The outstanding feature of the new law lay in the fact that it supplied the Chief Executive with the services of a staff agency, the Bureau of the Budget, headed by an officer of his choice.⁵²

It is notable that the first Director of the Bureau of the Budget was a most forceful individual, Mr. Charles G. Dawes. The light in which he envisioned the Bureau was comparable to his abilities; as Mr. Dawes expressed it:

One must remember that the Bureau of the Budget is concerned only with the humbler and routine business of government. Unlike cabinet officers, it is concerned with no

⁵⁰Ibid., p. 5.

⁵¹Meyers v. United States, 272 U. S. 52.

⁵²Morstein Marx, The American Political Science Review, (August, 1945), op. cit., p. 656.

questions of policy, save that of economy and efficiency. No cabinet officer on the bridge with the President, advising as to what direction the ship of state should sail...will properly serve the captain of the ship or its passengers, the public, if he resents the call of the Director of the Budget from the stoke hole, put there by the captain to see that coal is not wasted.⁵³ And further he said:

This is a first stage...of gathering information; ...to gather information for [the President's] uses.... I am glad to say [regarding this gathering of information]...that the Secretary of the Treasury walked upstairs to my office - one of his subordinate bureau chiefs - because he regarded it as necessary in connection with a call from me for information needed by the President...that will be an historic walk in the annals of the Bureau.⁵⁴

Although the vigor of succeeding Directors of the Budget Bureau had varied, the President's Budget Agency has generally "held its own" and grown in stature:

...A central budget agency should be located organizationally and physically so as to serve...the Chief Executive in his function of policy decision and program coordination... [without] substituting its decisions for those of the executive and it should at all times act only in his name...in the main streams of budgetary determination, because the budget itself is an instrument of planning, management and control.⁵⁵

⁵³C. G. Dawes, The First Year of the Budget of the United States, (New York: Harper and Brothers, 1923), p. xi.

⁵⁴Ibid., pp. 9-10.

⁵⁵S. M. Rosen, Some Special Problems of Budget Agencies, (Washington: U. S. Bureau of the Budget, Unpublished Mimeographed Paper, 1951, ca.), p. 5.

CHAPTER IV

THE EARLY YEARS OF THE NATIONAL BUDGET SYSTEM

If we are to fully comprehend the National Budget system, we may not escape learning a great deal about the Bureau of the Budget. In fact one article, entitled The Bureau of the Budget: Its Evolution and Present Role,⁵⁶ holds somewhat to the theme that the history of the Bureau is the history of budgeting. However, the budget process we have just seen born, is not quite the process we live with today. But rather than jump forward to the present day system, we shall follow the developments, in a leisurely, yet abbreviated manner.

Although the budget bureau started off strongly enough under Mr. Dawes, he rightly concentrated: (1) on getting off organizationally to a good start, and (2) on economy and efficiency. Up until 1939 the Bureau had a staff of less than 50 persons and it leaned away from its responsibilities in the field of administrative management.⁵⁷

On June 29, 1921, Mr. Dawes issued Budget Circular No. 1 in which he set forth several fundamental ideas:

⁵⁶Morstein Marx, op. cit.

⁵⁷C. E. Glassen, Evolution of Federal Budget Administration Through Statutory Enactments, Executive Orders and Administrative Implementation From 1921 to 1950, Department of the Army, Comptroller of the Army, (Washington: Department of the Army, 1953), p. 6.

(1) The Bureau must be impartial, impersonal and non-political.

(2) The Director has no responsibility except for the administration of his own bureau; he is an advisor to the President and the Congress.

(3) The Director, in gathering information for the President has "prior call" on Cabinet members over any other Cabinet member, (cited in n. 54 above).

(4) The Departmental Budget Officer - Director of the Bureau of the Budget relationship was spelled out.⁵⁸

Under Mr. Dawes, The Budget Bureau "got off the ground," saw departmental budget officers appointed and saw the first National Budget prepared in accordance with his second "circular". During his brief tour (he left in mid-1922), he gained confidence in Congress as it was seen that a Budget Bureau would not make for a larger Federal Budget, and he welcomed investigations and criticisms by Congress.⁵⁹ In December of 1921, Mr. Dawes described the Bureau to the President as:

Simply a business organization whose activities are devoted constantly to the consideration of how money appropriated by Congress can be made to go as far as possible toward the accomplishment of the objects of legislation. If it functions properly, it has not and can never have any purpose but that of the Executive and Congress in seeking the [institution] of correct business principles in routine business administration.⁶⁰

⁵⁸U. S. Bureau of the Budget, Budget Circular No. 1, (Washington: Government Printing Office, 1921).

⁵⁹Browne, op. cit., pp. 92-95.

⁶⁰Dawes, op. cit., p. 118.

Budget handling in the Congress was facilitated by adoption of a House amendment on June 1, 1920, which concentrated in the Committee on Appropriations the power to report all general appropriation bills, that power formerly (1885-1920) having been allocated to the various separate committees which concerned themselves with the different departments and establishments.

Likewise, in 1921, the Senate amended its rules so that all general appropriation bills would be referred to its Committee on Appropriations.⁶¹

As Congress developed confidence in the new Bureau, it added some duties; for instance by Congressional Resolution of May 11, 1922,⁶² certain coordination duties were given concerning printing standards for journals, magazines, etc.

However, the Budget Bureau changed little until the depression years caused appeal to Washington for help in various forms, all reducible to the common denominator of dollars. With the assumption by the Federal Government of many functions new to Washington, the press was felt at the seat of the government for the utmost in coordination and integration. As expenditures increased, and government agencies appeared and sprawled, control tools were needed, for "an essential condition of decentralization ...which may sound paradoxical, is that control over decentralization must be centralized in one man."⁶³

⁶¹Glassen, op. cit., p. 7.

⁶²42 U. S. Statutes 541 (1921)

⁶³R. Sheehan, "Continental Can's Big Push", Fortune, (Apr., 1955), p. 124.

From 1933 to 1939, activity in the Budget Bureau was gradually upward. In 1933, on June 10, President Roosevelt started the upswing of the Bureau with Executive Order No. 6166,⁶⁴ which gave authority to the Director to make apportionments. This concentrated the apportionment function in one place, it having been in the hands of the Heads of the Executive Departments since passage of the Anti-Deficiency Act of 1905 (amended 1906).⁶⁵

The Permanent Appropriation Repeal Act of 1934 abolished some 367 continuing type appropriations affecting 27 services operating independently of Congress; this Act did not however, remove all continuing appropriations.⁶⁶

On March 20, 1936, President Roosevelt appointed a commission on Administrative Management, of three outstanding authorities in Public Administration. These committee members need little introduction, being Messrs. Brownlow, Merriam and Gulick. It was their purpose to inquire into the Administrative Management in the Executive Branch of the government, and to suggest means for improvement.⁶⁷ The report of this Commission transmitted to Congress January 12, 1937 "kicked off" 18 months of debate but eventually saw fruition in the Reorganization Act of 1939, an original bill having been defeated in 1938 because as Wilmerding stated, "The

⁶⁴Executive Order 6166 issued pursuant Title IV of 47 U. S. Statutes 1517 which required reduction in expenditures.

⁶⁵34 U. S. Statutes 40 (1906).

⁶⁶G. B. Galloway, Reform of the Federal Budget, Legislative Reference Division, Library of Congress, (Washington: Library of Congress, 1950), p. 40.

⁶⁷Glassen, op. cit., p. 11.

bill was not defeated on its merit but on extraneous, i.e. political grounds."⁶⁸ The above report recommended in part:

1. That the Director of the Budget Bureau should be relieved from routine duties and thus enabled to devote himself to problems of fiscal policy planning. Provision should be made for an adequate permanent staff of the highest competence, implemented by assistants on assignments from the operating agencies and by temporary consultants and specialists recruited from business and industry for special assignments.

2. That the execution as well as the preparation of the budget should be supervised by the Bureau of the Budget and should be closely correlated with the fiscal program and plans.

3. That the Administrative Research function of the Bureau of the Budget should be adequately developed to aid the President in his duties as head of the Executive establishment. The Bureau should carry on constructive studies in Public Administration for the constant improvement of government organization and procedures and should stimulate continuous study of these problems by departments and bureaus.

4. That the information function of the Bureau should be developed and improved. The U. S. Information Service should be transferred to it, as should other appropriate activities in the coordination of the field services of the government.

5. That the Budget Bureau should serve in various ways as the agency of the President. Improvement should be made in its facilities for the clearance of Executive Orders and the establishment of uniform codes of management in the government. It should assist the departments in their regulations governing internal organization. It could render important service to the President and to the Congress in coordinating and clearing legislative recommendations which originate in the executive branch.⁶⁹

The above list of recommendations is most striking, because as we follow subsequent developments, the recommendations of Messrs. Gulick, et al, can almost be used as a "check-off" list of subsequent accomplishments.

⁶⁸L. Wilmerding, Jr., The Spending Power, (New Haven: Yale University Press, 1943), p. 306.

⁶⁹Glassen, op. cit., pp. 12-13.

First in implementation came Executive Order No. 7709a of September 16, 1937 which specified that all proposed legislation from the Executive Departments would be examined and cleared (by a new "Estimates Division"), and that all Executive Orders and Proclamations would be formulated and cleared (by a new "Legislative Reference Division"). Actually this was in part merely a re-definition of the 1921 law as a Bureau directive had previously specified that legislation proposals should come to the President via the Bureau.⁷⁰

The Reorganization Act of 1939,⁷¹ passed by the Congress April 3, 1939, gave the President authority to present plans for reorganization of the Executive Branch, which plans, if not vetoed by Congress, automatically became law. This unique "twist" just about allowed the executive to write his own blueprint. From this act came five reorganization plans, only the first of which concerns us as budgeters. This was the wide-sweeping Reorganization Plan 1 of 1939,⁷² which is usually spoken of by budgeters as if it covered fiscal matters only. However, a great many departments and agencies were affected. For instance, the Lighthouse Service was transferred from the Department of Commerce to the Coast Guard under the Treasury, etc.⁷³ But to budgeters, the Reorganization Plan 1, which was transmitted to Congress three weeks after passage

⁷⁰U. S. Bureau of the Budget, Budget Circular No. 49, (Washington: Government Printing Office, 1921).

⁷¹53 U. S. Statutes 561 (1939).

⁷²53 U. S. Statutes 541 (1939).

⁷³Ibid.

of the Reorganization Act, accomplished the following:

1. Created the Executive Office of the President, and placed the Bureau of the Budget therein.
2. Shifted the Central Statistical Board and the Central Statistical Commission functions to the Bureau.
3. The National Resources Planning Board went into the Executive Office also.

The effective date was July 1, 1939.⁷⁴ The Director of the Bureau of the Budget, Mr. Harold D. Smith, immediately went to work on drafting a new Charter, which in turn appeared as Executive Order No. 8248 of September 8, 1939.⁷⁵ The order set up the original divisions under the Executive Office, and defined the responsibilities of the Bureau:

1. To assist the President in preparation of the budget and the formulation of the fiscal program of the Government.
2. To supervise and control the administration of the budget.
3. To conduct research in the development of improved plans of administrative management, and to advise the Executive Departments and Agencies of the Government with respect to improved administrative organization and practice.
4. To aid the President to bring about more efficient and economical conduct of government service.

⁷⁴Glassen, op. cit., p. 15.

⁷⁵Code of Federal Regulations of the U. S. of America, Com. Suppl. Tit. 1-3 (Washington: National Archives, 1943), pp. 576-579.

5. To assist the President by clearing and coordinating departmental advice on proposed legislation and by making recommendations as to Presidential action on legislative enactments, in accordance with past practice.

6. To assist in the consideration and clearance and, where necessary, in the preparation of proposed Executive Orders and proclamations, in accordance with the provisions of Executive Order No. 7298 of February 18, 1936.

7. To plan and promote the improvement, development, and coordination of Federal and other statistical services.

8. To keep the President informed of the progress of activities by agencies of the government with respect to work proposed, work actually initiated, and work completed, together with the relative timing of work between the several agencies of the government; all to the end that the work programs of the several agencies of the Executive Branch of the Government may be coordinated and that the monies appropriated by the Congress may be expended in the most economical manner possible with the least possible overlapping and duplication of effort.⁷⁶

At this time, the divisions set up in the Bureau together with their functions were:

Estimates - Budget form and processing.

Administrative Management - Progress, and Management Improvement.

Legislative Reference - Clearing house for proposed legislation, Executive Orders, Proclamations.

⁷⁶Ibid., p. 577.

Statistical Standards - Statistical forms, questionnaires.
Fiscal - Planning and Policy.⁷⁷

In 1940, Mr. Smith began to press for a uniform accounting system in order to facilitate the Bureau's work. President Roosevelt's reply was that this matter was a responsibility of the Comptroller General. However, in March, the Select Committee on Executive Organization (Byrd Committee), initiated and had adopted Senate Resolution No. 150 calling upon the Secretary of the Treasury for a concise statement of the financial condition and operation of the government. This request was for approximately the same data that caused the stir when requested by President Taft in 1911 under nn. 36-37 above. The answer was assembled on an agency to agency basis, came in two parts (not "concise"), and was of such grand size and detail as to somewhat perplex the Byrd Committee.⁷⁸ The off-spring of this situation was Executive Order No. 8512 of August 13, 1940.⁷⁹ This order, which concerned only the Treasury and Bureau, called for joint work on:

1. Establishing standard accounting terminology.
2. Establishing uniform classification in the accounting system.
3. Seeking an agreement as to a common system of financial reporting for the departments and agencies, governing both revenue and expenditure operations.⁸⁰

Inasmuch as these matters were close to the domain of the Comptroller General, Executive Order No. 9084, of March 3, 1942⁸¹

⁷⁷Glassen, op. cit., p. 17. ⁷⁸Ibid., pp. 18-19.

⁷⁹Federal Register, V, 2849-2850. ⁸⁰Ibid.

⁸¹Federal Register, VII, 1709.

corrected one typographical error of No. 8512, and added:

Prior to establishing such uniform terminology, classification principles and standards, they shall be referred to the Comptroller General of the United States for consideration and determination whether they are in conflict with forms, systems and procedures prescribed by the Comptroller General as required by...[the Budget and Accounting Act]...and if the Comptroller General determines that such conflict exists, then they shall not be established except by him as provided in ...[the Budget and Accounting Act].⁸²

We may terminate this particular subject here, by noting that the above relationship (joint work by Budget - Treasury - G.A.O. for better accounting) was specifically continued by the Budget and Accounting Act of 1950,⁸³ and to date those agencies have made six annual progress reports of true progress.⁸⁴ However, of more immediate significance to budgeters because of its "daily working" aspect, was Budget-Treasury Regulation No. 1,⁸⁵ which appeared as a result of this program in 1941. This regulation set forth over four dozen uniform definitions of accounting terms.

Following, for the present, the accumulation of functions in the Bureau, brings us in 1942, to the Federal Report Act of that year.⁸⁶ This act, designed:

To coordinate Federal Reporting services, to eliminate duplication, and reduce the cost of such services and to

⁸²Ibid. ⁸³64 U. S. Statutes 832 (1950).

⁸⁴Typical is: U. S. General Accounting Office Fifth Annual Progress Report Under the Joint Program to Improve Accounting in the Federal Government, (Washington: Comptroller General of the United States, 1954).

⁸⁵U. S. Bureau of the Budget, U. S. Treasury, U. S. Budget Treasury Regulation No. 1, (Washington: Government Printing Office, 1941).

⁸⁶56 U. S. Statutes 1078 (1942).

minimize the burdens of furnishing information to Federal Agencies,⁸⁷

lodged in the Bureau extensive power over report forms and means of gathering data. It was in part an effort to aid business in furnishing the volume of data required of them, in the least burdensome manner.

Of significance to the Bureau, although with negligible implications to budgeters, was Executive Order No. 9094 of March 10, 1942, which abolished two other activities and charged the Bureau with coordination of Federal mapping and chart-making activities.⁸⁸

An expansion and definition of a function placed by n.76 above, appeared in Executive Order No. 9384 of October 4, 1943:⁸⁹ It charged the Bureau with the review of Federal Public Works and improvements projects, and preparation of long-range plans with respect to such projects:

In order to facilitate budgeting activities [in] all departments and establishments of the Executive Branch...[henceforth each activity and department]...shall prepare and keep up to date...[by] at least annual revision, carefully planned and realistic long-range programs of such [public works] projects...[and such programs shall be referred to as]..."advance programs"...

Hereafter - whenever any estimate of appropriation is submitted to the Budget Bureau...the advance program shall be submitted to the Bureau as an integral part of the justification.

The Director shall report to the President, not less than yearly, consolidated estimates and advance programs in the form of an overall [Federal] advance program.

⁸⁷Ibid.

⁸⁸Federal Register, VII, 1972.

⁸⁹Federal Register, VIII, 13782-13783.

Before any department or establishment shall submit to the Congress, or to any committee or member thereof, a report relating to, or affecting in whole or in part its advance programs,...such report shall be submitted to the Bureau for advice as to its relationship to the program of the President. When such report is thereafter submitted to the Congress, ...it shall include a statement of the advice received from the Bureau.⁹⁰

Thus, the Bureau was to become at least a partial replacement for the National Planning Resources board, which fell by the wayside when funds were denied for its continuance in that year. Merriam has suggested that opposition to the Board was due in part to "the general fear of planning as an entering wedge to total 'economic planning'."⁹¹ We may now begin to see some of the reason for the volumes of data that contribute to the itself-voluminous annual budget document; to budget intelligently on an annual basis, there must be some longer range program, in black and white, which is continually moulded to the needs, and which is under some responsible agent to whom all interested may refer.

In 1943, the War overtime Pay Act of that year, "to provide for the payment of overtime compensation to government employees,"⁹² put the Bureau in the personnel ceilings business.

Up until this time, the budget document did not reflect operations of the fifty-odd Government Corporations that had come into existence. Hence, the Government Corporation Control Act

⁹⁰Ibid.

⁹¹C. E. Merriam, "The National Resources Planning Board: A Chapter in American Planning Experience," The American Political Science Review, XXXVIII, No. 6, (Dec., 1944), 1087.

⁹²57 U. S. Statutes 75 (1943)

of 1945,⁹³ caused a May 1946 supplement to follow the regular 1947 fiscal year budget in order to:

Transmit to Congress as a part of the annual budget...the budget programs of the [government] corporations...[in a Business-like form]...with due allowance given to the need for flexibility.⁹⁴

Thus, the 1947 fiscal year budget came a step nearer being a complete budget.

Economic planning received impetus by the Employment Act of 1946,⁹⁵ albeit indirectly. The Act specified that:

The President shall transmit to the Congress at the beginning of each regular session...an economic report...[therefore].... There is hereby created in the Executive Office of the President a Council of Economic Advisors...to analyze and interpret economic developments, to appraise programs and activities of the government in light of the [policy of "full employment"]...[The council shall]...

1. Assist and advise the President in the preparation of the...report.
2. Gather timely and authoritative information concerning economic developments and trends, both current and prospective.
3. Appraise the various programs and activities of the Federal Government...[for full employment]...
4. Develop and recommend to the President national economic policy.
5. Make and furnish such studies...as the President may request...to the fullest extent possible, utilize the services, facilities, and information (including statistical information) of other government agencies.⁹⁶

Thus the Council of Economic Advisors was brought in contact with the Bureau by way of the Bureau's responsibilities in statistics and Federal Government statistics coordination.

And again, the Bureau acquired another duty through the

⁹³59 U. S. Statutes 597 (1945)

⁹⁴Ibid.

⁹⁵60 U. S. Statutes 23 (1946)

⁹⁶Ibid., pp. 24-25.

Administrative Procedures Act of 1946.⁹⁷ The act called for each agency issuing regulations to furnish an outline of its organization, functions, and authority, together with detailed statements of its regulations which applied to the public. Congress placed the Bureau in charge of the compilation - which was to be the material for a Federal Code.⁹⁸

As the mass of data involved in the federal budget had been increasing, as evidenced above, a dangerous device appeared, allegedly to enable the harried, hurried legislators to get through the data:

Whenever...the unusual items vary materially from the appropriation ordinarily asked for the object named...and where new items theretofore unusual are introduced into such estimates for any year, the estimates shall be accompanied by minute and full explanations of such variations and new items showing the reasons and grounds upon which the amounts are required.⁹⁹

Did the added data help? Or did the "exception rule" tend to assume that anything once done merited repeating per se and only the changes needed further examination?¹⁰⁰ It has been held however,¹⁰¹ that to a degree the preparation of future estimates under Bureau directions is highly "...mechanical in nature."¹⁰² In spite of the fact that n.99 has been repealed,¹⁰³ the "exception rule" is still in considerable evidence.

⁹⁷60 U. S. Statutes 237 (1946). ⁹⁸Ibid.

⁹⁹31 U. S. Code 597.

¹⁰⁰This important point was first made in classes at the George Washington University by Dr. A. Rex Johnson, Director Navy Graduate Comptrollership Program.

¹⁰¹E. L. Kohler, "Expenditure Controls in the U. S. Government," Accounting Review, XX, (January, 1945), 34.

¹⁰²Ibid. ¹⁰³64 U. S. Statutes 840 (1950-1951).

CHAPTER V

MODERN DAY SETTING

At about this time, an old device, the Legislative Budget, was in the offing, but let us set the stage:

It is well known that in passing the Budget and Accounting Act of 1921, Congress provided executive responsibility for annual review of Department and Agency estimates and for formulation of the Federal Government's fiscal program in advance of the beginning of the fiscal year. It is not so widely known that in the course of the act's legislative history, Congress considered and deliberately rejected a proposal for legislative authorization along the lines of the council-manager plan or the British Cabinet model.¹⁰⁴

During the war years, the President and the Executive Branch needed and had been granted great powers. However:

Congress does not view the budget as a means of effecting a rational distribution of limited funds among alternatives. Instead, Congress sees the budget as an instrument for exercising managerial control over the Executive and...as a means of establishing the supremacy of private and local interests over the national interest.¹⁰⁵

Now we are beginning to arrive on to the stage which we as budgeters find ourselves on. We, as representatives of the

¹⁰⁴A. Leiserson, "Coordination of Federal Budgetary and Appropriations Procedures Under the Legislative Reorganization Act of 1946," National Tax Journal, I, No. 1., (Mar., 1948), 118.

¹⁰⁵E. C. Banfield, "Congress and the Budget; A Planner's Criticism," American Political Science Review, XLIII, No. 6, (Dec., 1949), 35.

Executive, find ourselves in a vibrant, electric atmosphere, attempting to live up to the expectations of Congress as Representatives of the people. We find ourselves at the chasm delineated by the Revolt of 1868 which brought general recognition in Britain to the principle "no taxation without representation," and further set forth in our Constitution by the principle "no expenditures without appropriations."¹⁰⁶ However:

Against this background [of the separation of powers]...the National Budget stands out in a doubly impressive way. Here, in the annual formulation of a comprehensive work plan for the Federal Government, a bridge has been erected [across the "chasm"] between the Legislative and the Executive Branches.... The budgetary process as a procedure for cooperation between the legislature and the executive gains its strength from three basic elements:

1. Mutual appreciation to approach the budget as a joint effort.
2. Full utilization of the President's responsibility as Constitutional head of the Executive Branch, for the budget he submits to Congress.
3. Free-flow of budgetary information between the Executive and Congress.¹⁰⁷

In spite of the above allegations of what a budget would do to draw Executive and Legislature together, Congress was ready to have its own budget, and accordingly enacted the Legislative Reorganization Act of 1946,¹⁰⁸ "to promote increased efficiency in the Legislative Branch of the Government!"¹⁰⁹ According to

¹⁰⁶H. D. Smith, "The Budget as an Instrument of Legislative Control and Executive Management," Public Administration Review, IV, (Summer, 1944), 181.

¹⁰⁷F. J. Lawton, "Legislative Executive Relationships in Budgeting as Viewed by the Executive," Public Administration Review, XIII, No. 3, (Summer, 1953), 169-171.

¹⁰⁸60 U. S. Statutes 812 (1946).

¹⁰⁹Ibid.

Section 138 of the Act:

The Committee on Ways and Means and the Committee on Appropriations of the House of Representatives, and the committee on Finance and the Committee on Appropriations of the Senate, or duly authorized subcommittees thereof, are authorized and directed to meet jointly at the beginning of each regular session of Congress and after study and consultation, giving due consideration to the budget recommendations of the President, report to their respective Houses a Legislative Budget for the ensuing fiscal year, including the estimated over-all Federal receipts and expenditures for such year. Such report shall contain a recommendation for the maximum amount to be appropriated for expenditure in such year which shall include such an amount to be reserved for deficiencies as may be deemed necessary by such committees.... Such report shall be made by February 15.¹¹⁰ Also:

The purpose of Section 138, according to Representative Monroney, co-author of the Act, is to induce Congress to chart a financial course for the year and to follow it as closely as possible, rather than continue the practice of unrelated action by spending and taxing committees, with the total expenditures still in doubt until the last appropriation bill is passed.¹¹¹

The first attempt to develop a legislative budget in 1947 failed. The President had recommended in his budget:

Expenditures	\$37.5 billion
Receipts	37.7 billion
New Appropriation Requests	31.3 billion

The Joint Committee increased the revenue estimate \$1.4 billion, called for a reduction in expenditures of \$4.5 billion in appropriations.¹¹² The House adopted the concurrent resolution (required by the Act), but when the Senate added amendments, the bill went to conference where it died.¹¹³

¹¹⁰Ibid.

¹¹¹M. Ellis, The Legislative Budget, a paper prepared for Dr. C. Seckler-Hudson, (Washington: American University, Type-written, 1951), p. 2.

¹¹²Ibid., P. 2.

¹¹³Galloway, op. cit., p. 67.

The following year, the Joint Budget Committee submitted its report and the concurrent resolution passed both houses by February 27. However, the total appropriation for this session of Congress exceeded the self-imposed ceiling by \$6 billion.¹¹⁴

The succeeding year, the Legislative Budget died, as both houses postponed consideration until May 1st and then took no further action.¹¹⁵ A proponent of the Legislative Budget, Representative Cannon said after its death, "It was hoped at that time, that this provision would solve the problem, that it would bring into such strong relief the outgo and income of the Federal Government as to retrench the amount of money appropriated and bring it into a reasonable relation with the national income."¹¹⁶

The next changes that evolved, that affect us as budgeters, were fostered in part by the Lodge-Brown Act of 1947.¹¹⁷ Under the Act, the Commission on Organization of the Executive Branch of the Government (now famous Hoover Commission) made recommendations in the several executive areas. Tangible results were seen in the National Security Act Amendments of 1949.¹¹⁸ The Act (among other things) added a title IV to the 1947 National Security Act. This title created Comptrollers for the Department of Defense and the Military Departments, authorized working capital funds, management funds, required property recording and called for installation of

¹¹⁴Ellis, op. cit., p. 4.

¹¹⁵Ibid., p. 5.

¹¹⁶Congressional Record, May 27, 1949, p. A3491.

¹¹⁷61 U. S. Statutes 246 (1947).

¹¹⁸63 U. S. Statutes 578 (1949).

a performance type budget.¹¹⁹ Because of the general familiarity with the Comptroller organizations, working capital funds, etc., they will not be repeated herein. The performance type budget I have covered in a previous term paper.¹²⁰

The Hoover Commission recommendations saw further fruition in passage of the Budget and Accounting Procedures Act of 1950.¹²¹ This Act, generally accepted as a most important piece of legislation, attempted to incorporate most of the Hoover Commission recommendations into law. Thus, the 1921 Act was much revised, and there was created a part II thereof entitled Accounting and Auditing Act of 1950. There were also changes made in authorization and adjustment of appropriations, and over one-hundred valueless laws were repealed. The Act did not mention the expression "performance-budget" probably because of some Congressional reaction to changeover.¹²²

Smithies evaluated the 1950 Act as follows:

The Budget and Accounting Procedures Act of 1950 attempted a compromise within the framework of present arrangements. It is a refreshing and unique example of cooperation among the Congress, the Comptroller General, the Treasury, and the Budget Bureau. The Act retains for the Comptroller General the authority to prescribe the form of accounts and to review accounting systems, but it requires him to consult with the Treasury and Budget Bureau. The heads of Executive Agencies are made definitely responsible for their accounting systems and are required to give not only full disclosure of their financial operations but also the information needed for effective internal management and budgeting.¹²³

¹¹⁹63 U. S. Statutes 585-592 (1949).

¹²⁰J. P. Fitz-Patrick, A Current View of the Performance Budget, a paper prepared for Dr. A. Rex Johnson, (Washington: The George Washington University, 1955).

¹²¹64 U. S. Statutes 832 (1950). ¹²²Glassen, op.cit., p.30-31.

¹²³A. Smithies, The Budget Process in the United States, (New York: McGraw-Hill, 1955), pp. 88-89.

In 1950, arriving on the scene was an interesting device, the General Appropriation Act of 1951, "Making appropriation for the support of the Government for the fiscal year ending June 30, 1951, and for other purposes."¹²⁴ For some time, Representative Cannon, head of the House Appropriations Committee, had advocated the use of a general, omnibus appropriation Act rather than the many separate pieces of legislation usually used to make appropriations. Two things immediately strike the student upon reading this Act, the first is the obvious fact that it is pretty much an omnibus bill and second, that in addition to cutting the Presidents expenditure estimates item by item, there was included a "savings" clause:

Sec. 1214. Appropriations, reappropriations and reauthorizations made by this Act for departments and agencies in the Executive Branch of the Government shall, without impairing national defense, be reduced still further in the amount of not less than \$550,000,000 through the apportionment procedure provided in Section 1211 of this Act.¹²⁵

Section 1211 itself was a lengthy section which prohibited apportionment at a rate which would indicate the necessity for deficiency or supplemental appropriations, and prohibited over-obligations.

With much of the presently effective legislation at least touched on heretofore, an observation is in order regarding the dilemma of a novice when trying to study a law. It would seem that a nice, neat, clean way to do the thing, would be to completely

¹²⁴64 U. S. Statutes 595 (1950).

¹²⁵Ibid., p. 768.

obliterate one law, when it is superseded by another. However, that is not the system. Take as a brief example, the Budget and Accounting Act. There are still on file, the voluminous discussions on the 1921 Act, both as originally passed by Congress, together with the veto message, and the re-hearings and as finally approved in 1921. These records make a substantial volume of reading matter. We next see the bill most shortly before becoming an Act, in the Congressional Record of May 27, 1921,¹²⁶ where it was again printed, together with floor discussions on the conference statement. The final notation therein is the simple, anti-climactic sentence, "So the bill was passed."¹²⁷ The Act (as it came to be on June 10, 1921 when the President approved it), could thus be studied at this point - although of course it was not law. The next place in order, where it might be consulted, is in the Statutes at Large of The United States of America, where it appears on pages 20 to 27 of volume 42.¹²⁸ Here, having been signed, it is titled "An Act," and appears in order of the date signed, by the President, June 10, 1921, whereas it had of course appeared in the Congressional Register under date of final passage, May 27. It is also referred to by the Public Law number of the Congress by which enacted. As we go to today's bookshelf, i.e. - reference to latest editions, we may next see the Act (or its evidence), in the United

¹²⁶Congressional Record, May 27, 1921, pp. 1850-1859.

¹²⁷Ibid., p. 1859.

¹²⁸42 U. S. Statutes, 20 (1921).

States Code, 1952 Edition, being, "...a consolidation and codification of all the general and permanent laws of the United States in Force on January 2, 1953."¹²⁹ This is some help to the novice because although the Congressional Record and Statutes at Large once printed are never amended (thus serving an historical need), the U. S. Code sums up the enacted laws, or such relevant parts thereof as are still effective as of a closing date at the publishers.¹³⁰ In this example, the Budget Act, we note that the U. S. Code has omitted pieces of the 1921 Act that were repealed by the 1950 Act, (The 1950 Act having gone through the procedure of appearing in the Congressional Register and Statutes at Large.)¹³¹ Thus in the U. S. Code we find married for us, the relevant, effective pieces concerning the Budget Act. All foregoing publications are published by the U. S. Government. Because of the infrequency of succeeding editions of the U. S. Code, a commercial publisher has entered the field with United States Code Annotated. In the current issue of title 31 (covering "Money and Finance"), we find "The National Budget and Audit System" comprising 65 pages. The U. S. Code Annotated has the same scope as U. S. Code, but is brought up to date annually with a "Cumulative Annual Pocket Part" which, together with the respective title volumes summarizes in codified form, all relevant effective laws to the date of the "Pocket Part." For instance, in the volume entitled "Title 31",

¹²⁹26-33 U. S. C. 1952 ed. ix.

¹³⁰Previous editions were published in 1926, 1934, 1940, and 1946.

¹³¹64 U. S. Statutes, 832 (1950).

the book proper is copyrighted in 1954, and the "Pocket Part" also bears the date 1954 with a prominent notation on the cover sheet "For Use During 1955".

The basic title volumes are apparently re-published as needed. For instance, Title 34, "Navy", was printed in 1928, and it is found that the Pocket Part now contains forty pages more than the basic book. One would expect a "Re-do" of this volume soon. In this reference then, in which are found all current, relevant, effective budget laws, it is noticed that certain sections under budgeting..."may be cited as the 'Budget and Accounting Act, 1921'"¹³² and other sections "...may be cited as the 'Budget and Accounting Procedures Act of 1950'."¹³³

¹³²₃₁ U. S. C. A. 1

¹³³₃₁ U. S. C. A. 2

CHAPTER VI

THE FORMULATION PROCESS TODAY

The overall substance of which the foregoing montage is a miniscule representation, confronts today's Federal budgeter more forcefully than do the variety of forms, etc. used by the budgeter to plan his work, justify the need for his work, and to control the work program approved by Congress. The "forms-shuffling" can be mastered by a normally prudent man. The normally prudent man has to exert himself a little more to appreciate the philosophic focus of today's budgeting. Rather than examine the specific "how-to" of today's budgeting, let us take a broad view of the whole formulation and justification pattern.

In our daily lives, we have become aware of the interest of the American Taxpayer in the annual multi-billion dollar needs of the Defense Department (and other government segments). There have been allegations of military waste, and poor use of military dollars. The taxpayers' representatives at the seat of the government have therefore (and upon their own initiative), required more and more detailed information of the Armed Services:

The Air Force seeks to provide it [detailed information] by preparing programs and computing budget estimates in ever-increasing detail.

As appropriate as this practice may be in view of the ground rules imposed by higher authority, it imposes a heavy and sometimes apparently futile work load on those responsible

for programs and budgets.¹³⁴

The Air Force attack of the problem is straightforward enough, in the abstract steps listed: [It is asked] ...

(1) What must the Air Force be capable of doing during the period under consideration?

(2) Translate [National] policies into Air Force (a) War Plans, and (b) Peace Plans.

(3) Develop schedules for the time-phased acquisition of required assets... [showing]...the time-phased relationships or "mix" of prime assets such as: Aircraft, Personnel, Units and stations, and of the common-denominator operating rate, expressed in terms of flying hours.

(4) Develop supplementary program data... [for implementation]...thus translating primary policies into terms which can be used to determine specific quantitative requirements for assets.¹³⁵

This "ideal" is actually tempered by the practical however, as many of the basic policies and program decisions must be made considerably in advance of the budget year. As top-level work goes ahead, corresponding budget planning goes along at lower levels, with review and revisions at levels in development of the final product. "The budget is a decision-demanding document, and since it is tied to a definite date of submission, decisions must be timely or the result is chaos."¹³⁶

However ideal the system may sound, it becomes surprisingly mammoth in detail, as evidenced by an Air Force Comptroller;

¹³⁴G. T. Smith, "Too Much Detail or Too Little Management?", Air University Quarterly Review, VI, No. 3, (Fall, 1953), 79.

¹³⁵Ibid., pp. 80-82.

¹³⁶G. S. Glassen, "The Army Budget," Comptroller Newsletter, Department of the Army, XIV, (May, 1953), 6.

To compute requirements in minute detail, we must break down the primary programs [see n. 135 above] into a similar degree of detail. For example, if a primary program shows Base X as having Y population and we wish to compute requirements for furniture for on-base family quarters, we must: (1) Determine how much of Y population is officer, airman, or civilian; (2) Determine how many of each type are likely to be married and eligible for quarters assignment; (3) Determine (through construction programs) the types and quantities of family quarters which can be provided; (4) Determine the types and quantities of furniture authorized for issue to such quarters. If, as frequently happens, the basis of issue is stated in terms such as "1 mirror per upstairs hall", we must have an "upstairs hall program, worldwide, by base, by fiscal year quarter," so we can compute quantitative requirements in the required [by Congress] detail.

This example may appear extreme, but it is chosen from actual experience. One has only to multiply this example by the thousands of material items carried on the Air Force Stock list, to visualize the tremendous volume of detail involved in the system. To be sure, less detailed methods of computation are in use today, but the example still indicates the lengths to which we attempt to go in translating primary programs into detailed plans.¹³⁷

One "ideal" budget cycle has been set forth as lasting twenty-two months, as follows:

- 3 Months - War Planning, and Peacetime plans
- 2 Months - Primary programing
- 3 Months - Supplementary programing
- 3 Months - Computation and "costing" of requirements
- 11 Months - Review¹³⁸

Considering further the Air Force problem, as being at least somewhat typical of today's budgeters:

In busying itself with the minutiae of preparing and supporting budget estimates in such detail, the Air Force has fewer man-hours to devote to its principal task of conducting active operations. This pre-occupation with budgeting is

¹³⁷G. T. Smith, op. cit., p. 82

¹³⁸Ibid., p. 83.

especially costly to the major air commands which provide support for air operations. Especially is this the case with the Air Material Command. In summary, the Air Force is currently committed to preparing budget estimates in great detail, following a programing cycle which is developed in logical steps. The cycle has not provided optimum results because certain actions could not be taken at the times they were required.¹³⁹

What is meant by the last sentence, is that the twenty-two month process, although looking well enough on paper, with each phase set down in order, doesn't actually work that way, but rather, as month number twenty (or any other later month) rolls around, changes must be made, that affect functions ideally scheduled in turn in all of the other months. This comes about as part of our process, and is merely more of the "setting." Specifically the "re-shuffling" could come about as the imposition of any of several estimates ceilings, for one example:

In June, annually, the Budget Director discusses the results of preliminary estimates with the President, who then, after consultation with the National Security Council, the Treasury and other advisors, determines tentative expenditure ceilings for each agency.¹⁴⁰

Of course revisions required by ceiling changes, are not set during "Month Number One" of the sequence, but may fall at any time during the process. Thus, the assumptions made in Month Number One, and all that has been built thereon, must be changed. A significant point is, that although there was considerable "grass-roots" substance in the original work, there is not usually time for other than hasty top-level revision, made in far less time than was available for the original compilation.¹⁴¹

¹³⁹Ibid., P. 84.

¹⁴⁰Smithies, op. cit., p. 110.

¹⁴¹G. T. Smith, op. cit., p. 80

The Air Force is considering some simplifying budgetary aids, probably as a result of the volume of data now handled:

1. Standard Planning Table - or standard packages of manpower and material such as for a single engine jet fighter base. Some work has been done on the manpower side; data being accumulated for material tables based on history.

2. Use of Electronic Computers - Under study. Inputs are a problem.

3. Hard Core Method - In this system, Wright-Patterson and Randolph AFB's will exist at some minimum level. Cost it. Then provide increment costs as activity level increases.¹⁴²

I can appreciate that the above systems offer useable planning tools, but it is still conceivable that certain basic data will be required in Congressional review, witness the following expression by an experienced member of Congress as he wrote concerning the performance budget, when it was being considered for inclusion in the 1950 Act:

[The performance budget] does away with the printing of the "green sheets" [which] show.... The number of employees by grade and salary...without this information being submitted with the budget, it is absolutely impossible for us to tell the needs for personnel of each unit of the government.

This last year, the budget illegally omitted the information and when the agencies were asked for the information 95% did not have it available, and they did not send it over to the committee in time to be of use. This elimination, to my mind, was absolutely criminal.¹⁴³

It appears, to sum it up, that one of the cost of doing business at the present day, under the current practices, is voluminous records, data, justifications, etc., because it is the

¹⁴²Ibid., pp. 85-86.

¹⁴³U. S. Congress, House, Hearings Before the Committee on Expenditures in the Executive Departments, House of Representatives, 84th Cong., 2nd Sess. on H.R. 9038, (Washington: Government Printing Office, 1950), p. 58.

current philosophy that if a representative of the Executive fails to answer a question or has to give the answer another day, that the program with which he is connected, will suffer a "cut". This is a form of spiral in itself. As each year's questions are answered, new questions appear, which require new data for next year's answers. As expressed by one service:

Under the present Air Force systems of justification of budget requests, the officer who is to go to Congress and other review agencies...[is]...armed with enough supporting data to answer any question.

The Air Force publishes programs in ever-increasing detail and computes requirements in the same minute detail. To illustrate the volume involved, the fiscal year 1955 budget cycle has already [printing date, Fall, 1953] required some 6000 pages of primary programs and tens of thousands of pages of supplementary program data. When it is finally submitted to the Air Staff, the budget estimates will be supported by thousands of thousands of pages of work sheets, narrative justifications, and so on. Production of all this detail costs us a tremendous number of man-hours.¹⁴⁴

Thus, we have seen the philosophy in which the budget formulation goes on. Let us next examine more intimately the philosophy of the relations of Executive and Legislators in Congressional review.

¹⁴⁴G. T. Smith, op. cit., pp. 79-80.

CHAPTER VII

PHILOSOPHY OF LEGISLATIVE - EXECUTIVE RELATIONS

Arthur Smithies, in a book done for the Committee For Economic Development in January of 1955, has this comment to make on budget improvements:

In the period 1912-1952 ...while notable achievements have been made in reforming Executive procedures, attempts at Congressional reform have been, on the whole, a failure.¹⁴⁵

Democracy costs more to run than a dictatorship, partly because there is more lost motion, inefficiency and deliberation. But this added cost is an expense we have chosen to pay to insure freedom and the right of choices. It is the problem of each of us to optimize the efficiency of our democracy. However, the fashion in which we handle our annual budget which carries the plans and intentions of the U. S. as a major force for peace, must, to preserve our own democracy, be responsive to the elected representatives of the people, the Congress. To carry out a program of the government, the program must be supported by Congress via the budget. It has been pointed out that the word budget was derived from the French word "bougette", meaning a small leather bag. The connection between bougette and budget came about because the Minister of Finance, in France, usually brought the report of the

¹⁴⁵Smithies, op. cit., p. 67.

status of the Government's financial situation to the legislature in a small leather bag.¹⁴⁶ In spite of some short comings of our system, the American budget process has been hailed by General Joseph T. McNarney, as one of the finest examples of democracy at work:

In the last analysis, however competent its leadership, however sturdy its ranks, the usefulness of an American service as an effective instrument of defense is dictated by the adequacy of funds appropriated for its operations. Principles, policies, development, reforms - all must be adjusted to the taxpayer's dollar which is the master of them all. This purse string control of Department of Defense operations is just and necessary for absolute civilian control of the country's military instrument.¹⁴⁷

Such articulate acceptance at a top level has been held, as a result of experience in government budgeting training programs, as a determinant for successful budgeting.¹⁴⁸

Although we have seen a modern attempt at a Legislative Budget, Mr. Harold D. Smith, Budget Director under the late President Roosevelt held that an Executive Budget was essential to the democracy:

The relationship between the Legislative and the Executive Branch largely determine the success or failure of democratic government. Hence, the budget, because it is the most important instrument of Legislative control and of Executive Management, is at the very core of democratic government. No one who fails to recognize this dual function can fully appreciate the true significance of budgeting or appraise the different

¹⁴⁶Glassen, "The Army Budget," op. cit., p. 2.

¹⁴⁷G. T. Smith, op. cit., p. 79.

¹⁴⁸V. L. Fisher, "Conference Training in Federal Budgeting," Public Administration Review, IX, (Autumn, 1949), 271.

problems which must be solved in common with them.¹⁴⁹

Mr. Smith further held that although there was possibility of conflict between the budget objectives of Legislative control and Executive management, that a budget which serves as an effective, efficient tool of executive management, would by identical attributes serve as the most effective instrument of Legislative Control. Thus, Legislative Control and Executive Management serve one end, through the budget - to provide better government for all. In serving, the budget is a method to channel and balance the conflicting views to assure that whatever decisions are reached will be effectuated.¹⁵⁰ Mr. Smith made a final plea for implementation of legislative intent, not by limiting the appropriations meticulously, but rather by more effective budget management - policing from within, so to speak. Some of the facets encompassed were:

1. Executive Programing - being formulation and programing under the executive as an overall program.
2. Executive fulfillment of Legislative intention in the most economical manner.
3. Budgeting must be based upon proper reports flowing upward.
4. Adequate Budget Bureau Staff.
5. Executive Discretion - that is, appropriations made to the broadly defined functions of an agency, with Executive discretion of attainment.
6. Certain appropriations available up to five years.¹⁵¹

¹⁴⁹H. D. Smith, "The Budget as an Instrument of Legislative Control and Executive Management," Public Administration Review, IV, (Summer, 1944), 181.

¹⁵⁰H. D. Smith, "The Budget as an Instrument of Legislative Control and Executive Management," op. cit., pp. 181-188.

¹⁵¹Ibid.

But such ideas run counter to some ideas met on "the hill":

The history of the Federal Budget since 1921 reveals clearly that Congress views the Budget less as a systematic method for planning and debating the policy issues involved in arriving at an integrated fiscal program for the government as a whole, than as a means of maintaining its own detailed control over the expenditures of particular administrative agencies.¹⁵²

As the budget goes to Congress each year, it is first met by "one of the hardest working committees on Capital Hill."¹⁵³ In fact in A History of the Committee on Appropriations of the House of Representatives, written in 1941 it was remarked:

All of the six chairmen immediately preceeding me undermined his health by the terrifically hard, complicated, exacting, and constant, and never-ending detailed work of the chairman. Two died in service, and four died not long after retiring.¹⁵⁴

The pace of a fine Congressman is further described in an anecdote from a recent news report concerning the head of the important Senate Foreign Relations Committee:

Because of his heavy work load on his own committees, [Senator] George does not overburden himself with details in other legislative fields. One recent afternoon, George walked over to Armed Services Committee Chairman Russell and said: "Dick, they tell me you've got a little bill coming up this afternoon. Now tell me about it." Russell spent two minutes outlining the main features; George nodded agreement, later supported the measure. The "little bill": a \$750 million pay raise for servicemen.¹⁵⁵

¹⁵²Lawton, op. cit., p. 119.

¹⁵³Galloway, op. cit., p. 9.

¹⁵⁴E. T. Taylor, A History of the Committee on Appropriations in the House of Representatives, House Document No. 299, 77th Cong., 1st Sess., (Washington: Government Printing Office, 1941), p. 14.

¹⁵⁵"Senator George," Time, LXV, No. 17., (25 Apr., 1955), 25.

It is not my point that the Senator spent two minutes acquainting himself with this bill; the point is that the press of his other committee duties did not permit more than the two minutes. The attitude toward those primary duties the Senator had genuinely reflected when he said:

If we fulfill our high mission...and destiny, it will be because we have resolved to do our dead level best to advance peace,...and to shore up a shaky world...to vindicate the sacrifice of those who died on land and sea, and fulfill the hopes of men and women in every free land.¹⁵⁶

The budget which goes to Congress in one piece, is considered in segments, by one of ten sub-committees of the Appropriations Committee, according to function. The justification hearings include not only Executive representatives called, but even include "other interested persons who desire to offer testimony."¹⁵⁷ As the sub-committees recommend, usually does the whole committee go. Thence to the whole House, thence for similar scrutiny in the Senate, with conference if necessary, all this time travelling as ten or more separate pieces. And when it comes to requiring funds from the Treasury (except for private bills), the only route allowed is via the appropriation committees.

As the bills are considered, various legislative tools of control are employed:

The House may by limitation decline to appropriate for one purpose authorized by law, while providing for another authorized under the same enactment, and by limitation on a general appropriation bill provide that no part of an appropriation shall be used for a certain purpose.... As an appropriation bill may deny an appropriation for a purpose authorized by law,

¹⁵⁶Ibid.

¹⁵⁷Galloway, op. cit., p. 8.

so it may by limitation prohibit the use of money for part of the purpose while appropriating for the remainder of it.... A limitation must apply solely to the money of the appropriation under consideration, and may not be made applicable to a trust fund, or to money appropriated in other act, nor to the use of property purchased with such appropriation...to be admissible it must be a limit on the appropriation and not an affirmative limitation on official discretion, and must not require affirmative action on the part of government officials.... A limitation must apply solely to the present appropriation, and may not be made as a permanent provision of law.¹⁵⁸

The President of course, must accept or reject a bill as a whole. The President has no item veto, yet the Legislature has in effect an item veto by its framework of limitations and riders.

Beyond the examination before enactment, Legislative scrutiny continues in the form of oversight. When an agency is required by circumstances to depart from the strict letter of a specific appropriation, discreet officials consult the chairman and clerk of the subcommittee in charge, in order to obtain their approval to avoid later criticism. Ad hoc meetings with the agencies are held by subcommittees during the year. Also, the subcommittees meet with Agency Chiefs. And committee members often take a paternalistic view toward the agencies under their wing. "They feel free to offer directions and suggestions and usually they expect their conception of administration to be followed out."¹⁵⁹ However, on this same subject:

The relations of administrators and appropriators are not necessarily antagonistic. While the nature and extent of "round-the-year" supervision by appropriations committees varies

¹⁵⁸U. S. Congress, House, Cannon's Procedure in The House of Representatives, 82nd Cong., 2nd Sess., House Document No. 562, (Washington: Government Printing Office, 1953), pp. 62-63.

¹⁵⁹Galloway, op. cit., p. 12.

from sub-committee to sub-committee and from agency to agency and from year to year, this type of Legislative oversight has increased measurably in recent years.¹⁶⁰

Within Congress itself, there is a variety of opinion and a continual foment of feeling in handling money matters. And the members have so broad an area to cover, that it is not impossible for a usually reliable member to say unusual things:

[Senator] Kefauver cited "a dramatic instance last year [1948] when the House Appropriations Committee...[trimmed] funds for the European Recovery Program after the bill authorizing that program had been overwhelmingly approved by both houses." However, during the debate on the authorizing legislation it was repeatedly stressed that the full authorization would be voted because the Appropriations Committees would determine the actual amount to be spent, and that the ceiling should be high enough for them to work against.¹⁶¹

Differences of viewpoint are evident in other matters affecting budgeting. Consider the staffing of the Appropriations Committees. Considerable had been said of late on that subject. In a 1952 publication, Senator Bridges, speaking of the Appropriations Committee said, "The group is completely and wholly inadequately staffed."¹⁶² However, the 1946 Act had authorized the Committees on Appropriations in each House "to appoint such staff, in addition to the clerks thereof, and assistants for the minority, as each such committee, by a majority vote, shall determine to be necessary."¹⁶³ On the actual staffing, there were schools of thought,

¹⁶⁰J. M. Burns, Congress on Trial: The Legislative Program and the Administrative State, (New York: Harpers, 1946), p. 38.

¹⁶¹F. Morstein Marx (ed.), Elements of Public Administration, (New York: Prentice Hall, 1946), p. 38.

¹⁶²T. R. Gates, "New Strings for the Public Purse", Conference Board Business Record, IX, No. 1, (Jan., 1952), 33.

¹⁶³60 U. S. Statutes 812 (1946).

expressed by Mr. Cannon:

Each assistant works with one of the nine sub-committees on a particular appropriation bill, and investigators from various federal agencies.... On the whole, the system has proven remarkably successful. It has met every requirement. In fact it is difficult to imagine a system which would be more responsive to our needs and more economical and effective in its operations and results.¹⁶⁴

Of the same system, Mr. Wiggleworth had this to say:

That method [borrowing personnel from federal agencies] has been tried and found wanting. It will always be found wanting, in my judgment, as long as human nature is what it is.¹⁶⁵

With existing mechanisms in Congress, a legislative log-jam usually occurs near the start of a new fiscal year, as bills for that new year are enacted. But in recent years all appropriations have not been "getting through" in time. When fiscal year 1949 began, six bills were lacking, the last of which did not become law until October 29, and in fiscal year 1951 it was October 24 when the last appropriation bill was enacted. The affected agencies ran on Joint resolutions in the meantime.¹⁶⁶

And even while a bill may be under consideration to "provide the Congress with the necessary tools with which to exercise adequate controls over the expenditure of funds [staffs],"¹⁶⁷ we have seen above that there has been reluctance to obtain the staffs. A news magazine staff writer recently had things to say on our federal budget system:

¹⁶⁴Congressional Record, August 19, 1949, pp. 12082-12084.

¹⁶⁵Congressional Record, April 4, 1950, pp. 4699-4700.

¹⁶⁶Gates, op. cit., p. 26.

¹⁶⁷McClellan Bill, S. 913, 1951.

The recommended proposal for a \$20 cut in everybody's income tax is the most disturbing example so far of the fiscal irresponsibility in Washington.... The Federal Budget has become a political football. Fiscal responsibility has been forgotten in a sordid scramble for partisan advantage.¹⁶⁸

This all adds up to Congressional scrutiny of expenditure estimates in possibly one of several fashions:

1. Congressional refuge in pre-occupation with detail and ignoring or avoiding consideration of the major policy issues raised by the budget. Such tendencies are particularly noticeable in consideration of the Defense Budget. With a sigh of relief the Committee member, who is as baffled as everyone else about the meaning of national security, finds an item such as "research on secretarial chairs" and goes to work on it to the tune of several pages of hearings.

2. Reverse of the first. Policy decisions without adequate or explicit decisions such as a "main concern as to whether the division will collect enough in fines to pay its own administrative costs."

3. Sectional interests.

4. Overall action. As attempted for 1952 fiscal year by "Jensen - Ferguson" amendments to several appropriations bills directing that the agencies concerned should not fill more than 25% of their vacancies until total personnel had been reduced to 90% of the number on which the present 1952 budget had been based.¹⁶⁹

With the foregoing citations of difficulties, it is to be expected that there have been remedies suggested. And there have and there are a great number of them.

¹⁶⁸H. Hazlitt, "To Get a Responsible Budget", Newsweek, XLV, No. 12, (Mar. 21, 1955), 91.

¹⁶⁹Smithies, op. cit., pp. 141-143.

CHAPTER VIII

FOR A BETTER CONGRESS

Our interest in proposals for changes in Congressional handling of the budget, is at least twofold: (1) As I see it, Congress is an important part of the budgeters "playing field", and we should be as conversant with that "playing field" as a championship golfer is with the course he will go out and play tomorrow. (2) The second reason was expressed by Arthur Smithies in the committee on Economic Development book, The Budget Process in the United States. This book, just published, and previously cited herein, bids well to become much referred to by budgeters. He said: "Proposals for [budget] reform, whether accepted or rejected, ...[evince]...more than historical interest - they furnish an essential guide to the direction that further reform should take."¹⁷⁰

There is no orderly fashion in which to consider the recent proposals, so numerous are they. Typical might be the movement reported in Business Week in 1951, which announced that Congress was trying once again to put new and tighter reins on the Federal Government spending. The method announced was the establishment of its own budget bureau comparable to that in the Executive Branch. Closer scrutiny of the article showed the scheme to be a

¹⁷⁰ Ibid., p. 67.

reappearance of the "expert staff for Appropriations Sub-Committees idea" which has been discussed herein already - and for which we have seen that Congress already has the authority in the 1946 Act to staff as it may desire.¹⁷¹

In 1953, Senator Johnson of Colorado introduced what he called "a new, streamlined, very simple...percentage...appropriation bill."¹⁷² This scheme was first of all a percentage plan in that it would require Congress to decide what percentage of the whole budget would be devoted to each segment of the Government. Next, Congress would decide, considering prospective income, what the single, total outgo amount would be "pegged" at. It would then be simple to apply percentages to the whole, and derive the dollar amount for each segment of Government, and that amount "would be it." This system is simple enough to evoke criticism on its simplicity alone, I suppose, but on the subject of the present system, the sponsor of the above plan, Senator Johnson had to say:

The other day, our colleague, the able and experienced new chairman of the Senate Appropriations Committee, Styles Bridges, very properly pointed out that Congress is employing the same techniques in appropriating \$80 billion, that it used when appropriations were less than \$5 billion. The facts are, that the important function of making appropriations in these days of huge expenditures has gotten completely out of hand. The very weight of the fantastic size of present day appropriations has broken the back of our Congressional machinery...[there is] ...widespread and continuing dissatisfaction with the notoriously antiquated and sickeningly slipshod system in which the Federal Government handles...its appropriations measures.¹⁷³ Something must be done to bring order out of this chaos.¹⁷³

¹⁷¹"Congress' Own Budget Bureau," Business Week, (Aug. 4, 1951), pp. 19-20.

¹⁷²Congressional Record, Jan. 13, 1953, p. 360.

¹⁷³Ibid., pp. 360-361.

It is increasingly noticeable that proposals for change in budgeting usually embrace either or both of the following: (1) That change is necessary to attain greater economy and efficiency in government; indeed, we have seen that when President Taft's Commission desired to achieve greater economy and efficiency in government it was the dollar planning area that received attention. And (2) That the present budget dollar size and the present budget document size make the budget incomprehensible to many. I believe we shall continue to see such proposals, even though there are some who feel confident in meeting the situation, witness the following excerpt from a letter by Mr. Taber on the performance-type budget; (underscoring added):

The so-called performance-type budget which this bill provides, is a cover-up to prevent the Congress from having an opportunity to pass on each project separately. These lump-sum appropriations, without specific provision for individual agencies and individual construction items, are such a menace to proper legislative consideration of a bill appropriating funds, that only those who have had no experience in appropriating funds could be deluded into believing that it was in the interests of the government. Frankly, it will result in Congress being unable to make anything but a meat-axe cut.... It will not be able, as it has always tried in the past, to make an intelligent appraisal of the needs of the agencies for an appropriation. Those connected with the Executive Branch of the Government have for many years tried to put across this cover-up proposal. They have obtained the support of certain groups of accountants who did not understand the situation.¹⁷⁴

Returning to Senator Johnson's discussions in favor of his plan, he characterized his budget as "so completely streamlined that it consists of but four pages...yet...provides more pertinent

¹⁷⁴U. S. Congress, House, Hearings Before the Committee on Expenditures in the Executive Departments, House of Representatives, 84th Cong., 2nd Sess. on H. R. 9038, (Washington: Government Printing Office, 1950), p. 58.

fiscal information for the people and for the Congress than the usual...[budget]...consisting of 1000 pages."¹⁷⁵ (Did the Senator miss the voluminous Appendix that is a part of the Budget?). While on the subject of the one-package bill, the Senator further mentioned that the drafters of the Constitution neglected to provide two things: (1) Item veto for the President, and (2) Provision that all appropriations for which no revenues had been provided should be null and void except in case of certain emergencies. The Senator intimated that both, were desirable, but didn't say so, and didn't recommend those measures,¹⁷⁶ although Senator Byrd did introduce a bill for Presidential item veto as we shall see. Before passing on from Senator Johnson and the one-package appropriation bill, we must note that the so-called 1951 one-package appropriation bill, did not in fact "pick up the whole tab" for government in that year:

In 1951 [F.Y.], the bill carried [only] \$33 billion of the total of \$81 billion appropriated during that year, let alone the \$7 billion of deficit funds for 1950 appropriated in 1951 In 1951 [F.Y.] there were considered and passed...ten additional appropriations and the funds amounted to nearly \$20 billion.¹⁷⁷

Senator Byrd's bill for Presidential item veto is reported and supported in a recent Newsweek article:

For twenty-two years one man in Congress, Senator Byrd of Virginia, has stood above all the rest in the courage and

¹⁷⁵E. C. Johnson, Senator, The Streamlined One Package Appropriation Bill, Press Release, stamped: Released to Press 12:00 Noon on Thursday, June 13, 1953, E.S.T., Washington, p. 1.

¹⁷⁶Ibid.

¹⁷⁷Gates, op. cit., p. 31.

persistence he has shown on behalf of economy and fiscal responsibility. He has now introduced a proposed Constitutional Amendment which recognizes the urgency of a reform in fiscal progress itself. This amendment would permit Congress by law to authorize the President to veto any item in an appropriation bill, without being forced to veto the entire measure.... Perhaps Senator Byrd drafted his amendment in the form he did - merely giving the President the power of item veto, and making even that subject to authorization by Congressional law - because he feared that anything stronger would have difficulty getting through Congress.¹⁷⁸

Numerous groups are active in keeping needs for budget reform in front of the public. The League of Women Voters of Washington as one example, suggests numerous aids in overcoming the problem of "today's problems and yesterday's tools": (1) The use of joint Congressional Committees (fashioned after 1946 Act); (2) Permitting Congress only to cut, not add to appropriations bills; (3) Measures for a more responsible Congress; (4) Budget format changes; (5) More use of the General Accounting Office; (6) The Omnibus Appropriation Bill, etc.¹⁷⁹ Another example is the National Planning Association which has issued publications in explanation of recent accounting changes,¹⁸⁰ and in explanation of the budget system with recommended changes not unlike suggestions already covered.¹⁸¹ A recent professional statement of policy by the Committee for Economic Development entitled Control of Federal

¹⁷⁸ Hazlitt, op. cit.

¹⁷⁹ Memo - Congressional Strings on the Purse, Washington League of Women Voters, Publication No. 202, (Washington: Washington League of Women Voters, 1952), pp. 17-23).

¹⁸⁰ S. G. Tickton, The Budget in Transition, National Planning Association Pamphlet No. 89, (Washington: National Planning Association, 1955), pp. 1-48.

¹⁸¹ G. Colm and M. Young, The Federal Budget and the National Economy, National Planning Association Pamphlet No. 90, (Washington: National Planning Association, 1955), pp. 1-100.

Government Expenditures, in a readable analysis recommended:

(1) Greater use of the performance budget; (2) A new "wrinkle" of a small, Congressional Joint Budget Policy Conference for appropriations coordination; (3) Tentative dollar ceilings by each of the two appropriations committees; (4) Bills considered closer together in time; (5) Item veto for the President in appropriation bills; (6) Cost consciousness in new substantive legislation; (7) A system of reports of conduct of activities in the executive branch; and (8) A periodic detailed management audit for each agency.¹⁸²

Before looking at what happens to many of these suggestions, and bills, let us consider one more, the Coudert Bill, H. R. 2 in 1953. The provisions of that bill would limit federal spending to income, and thus eliminate deficit financing. Under this bill, the President would not only have to write a budget within estimated receipts, but in addition he would have to regulate expenditures quarterly as actual income became known. A companion bill by Mr. Coudert, would set the 1954 fiscal year spending limit at \$65 billion, being lower than the estimated receipts of \$68 billion, and \$14 billion lower than the President's budget.¹⁸³ The how and why of failure of necessary reform is succinctly stated in a news magazine article now only half a year old.

Meanwhile Congress did nothing of importance in reforming its own and the Administration's fiscal methods. The Coudert

¹⁸²Control of Federal Government Expenditures, A Statement on National Policy by the Research and Policy Committee of the Committee For Economic Development, (New York: Committee for Economic Development, 1955), pp. 1-28.

¹⁸³"An Anti-Spending Bill is Aired, (H. R. 2)," Business Week, (Apr. 25, 1953), pp. 152-153.

Bill...[above]...has been smothered in the House Rules Committee. The McClellan-Colver Joint Budget Committee bills got nowhere. The Byrd single-package appropriation proposal passed the Senate but failed in the House to be referred to a committee. It is obvious that the spending habits of a number of generations are not easy to change...but the sole blame for these conditions should not be laid upon the members of Congress. Behind these members are selfish local interests which insist upon their share of the Federal cake. Businessmen who prate of economy and high taxes in general terms have their share in blocking the road to economy by their local deals. Education in economy must begin at the grass roots. For the misguided people who ask for local projects are also the people who must shoulder the burden of taxation.¹⁸⁴

It seems to me, unfortunately, that as long as we Americans are always "on the lookout for a good deal," and always want to pay less than cost, that our Congressmen will continue to represent us in that light and spiral the public debt annually to satisfy that mandate. Meanwhile, to satisfy our desire for economy, efficiency, and less taxes, the discussions on staffing committees, ceiling on appropriations, etc., will continue.

¹⁸⁴R. Moley, "The Reckoning", Newsweek, XLIIII, No. 13, (Sept. 27, 1954), 91.

CHAPTER IX

CONCLUSIONS - AND IMPLICATIONS

I can think of no better keynote for my conclusions than a quotation from the Congressional Record of April 4, 1950, made by an experienced Representative of many sessions on "the hill," Mr. Wigglesworth:

The fact also remains, Mr. Chairman, that over the years our armed forces have been notoriously wasteful in the handling of funds...generally speaking, it is fair to say I think that our military and naval officers are not trained to assess cost. On the contrary, and probably rightly so, they are trained to obtain results regardless of cost.¹⁸⁵

The essential sentence in Mr. Wigglesworth's quotation is the first, but I have desired not to lift the substance entirely out of context. However, it appears to me that there is room for improvement in our reputations as managers. We are a part of a big business, and the major part, at that, in the Armed Services. In spite of all the suggestions for budget procedure improvement, and for a readily comprehensible format, there is with us pretty much of a dilemma, summarized by Wilmerding as follows:

Congress has at varying times and in varying degrees loosened its control over the separate appropriations...but the disparity between the ideal and the actual system of specific appropriations is attributed to the carelessness of Congress in protecting its own rights and something more to the stubborn obstinacy of executive officers who...pay lip service to the financial supremacy of Congress while disregarding it in

¹⁸⁵Congressional Record, April 4, 1950, p. 4700.

practice. But the major difficulty lies deeper. It is to be found in the real embarrassments which result when the specifications of appropriations are carried to an extreme incompatible with the needs of administration...the whole story leads to the conclusion that the multiplication of appropriations, far from securing to Congress that completeness of financial control which is, so to speak, its birthright, has served only to make the law less certain and to satisfy Congress with the name, rather than the substance of power.¹⁸⁶

In this age of push-button warfare, "There is no scientific determination of the 'proper' content of a budget."¹⁸⁷ The whole situation may be summed up: Some of us, in the Executive Branch have lost the confidence and respect of the people and Congress, largely because of our financial management methods. This is more acute in the military because of the larger part of the tax dollar required by the military, because "National Military Security", is a less tangible service than provision of roads, or a social security check, and because more persons in recent years have learned how the military operates, both by active duty therein and by business contacts with the Military. Congress has taken to asking questions of our stewardship, both in "Hill Hearings" and otherwise. To always have the answer, we have taken to accumulating the world's greatest mass of information, down to such minute detail as "Upstairs Hall program, worldwide, by base, by fiscal year quarter." We go to "the hill" armed to the teeth with statistics. Congressmen, being able human beings, legend notwithstanding, are not impressed by our statistics because they aren't

¹⁸⁶Wilmerding, op. cit., pp. 93-95.

¹⁸⁷H. D. Smith, "The Budget as an Instrument of Legislative Control and Executive Management," op. cit., p. 187.

impressed with our financial management. So the appropriations made are tied up in a maze of specifications, and there are many rules of thumb and other laws by which we have to abide. Congress believes this gives them control. But, in fact, (and as borne out by Wilmerding), there is less control than confusion of procedure arising from the overload on our antiquated fiscal machinery. The overload of details and specifications results in partial loss of perspective. Complete loss of perspective, through an over-attention to specifications and detail, would leave no end-product to be controlled.

Many substantive "answers" have been suggested, and many more will continue to be suggested. I believe that Mr. H. D. Smith, however, had the proper philosophical approach:

The answer, in my judgment, is that we should effectuate legislative intent not by limiting the appropriations more, but by organizing budget management more effectively.¹⁸⁸

However, the first-mentioned will not come first. It will come only after we have demonstrated a superior fiscal responsibility. And it won't come quickly, but, like any other confidence, must fight the uphill fight by continual growth in prudent, business-like daily conduct of operations.

In moving toward this goal, we should continually remember the dictum of Representative Taber who said he, "had never seen a budget that couldn't be cut;" and I must suggest, by effective, efficient, businesslike conduct of operations. Also, we should forever remember another speech by Representative Wigglesworth:

¹⁸⁸Ibid., p. 185.

The elimination of waste and extravagance is vital if America is to avoid national bankruptcy, dictatorial government, and the loss of precious liberties..... We should not forget, Mr. Chairman, the words of the great Communist Leader, Lenin, when he said, "Some day we will compel the United States to spend itself into destruction."¹⁸⁹

¹⁸⁹Congressional Record, April 4, 1950, p. 4700.

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